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FM AMEMBASSY JAKARTA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9073  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY  
RUEHBY/AMEMBASSY CANBERRA 2535  
RUEHLM/AMEMBASSY COLOMBO 1023  
RUEHKA/AMEMBASSY DHAKA 0972  
RUEHNE/AMEMBASSY NEW DELHI 1861  
RUEHKO/AMEMBASSY TOKYO 2000  
RUEHWL/AMEMBASSY WELLINGTON 2669  
RUEHHK/AMCONSUL HONG KONG 2686  
RUEHBD/AMCONSUL PERTH 0817  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAWJA/DEPT OF JUSTICE WASHDC  
RUEKJCS/SECDEF WASHDC  
RHHJJPI/USPACOM HONOLULU HI  
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001008

SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, DS/IP  
NSC FOR E. PHU

E.O. 12958: DECL: 05/22/2018

TAGS: [PGOV](#) [PINS](#) [ASEC](#) [ID](#)

SUBJECT: DEMONSTRATIONS CONTINUE AGAINST PLANNED FUEL PRICE  
HIKE

REF: JAKARTA 943 AND PREVIOUS

Classified By: Pol/C Joseph Legend Novak, reasons 1.4 (b+d).

11. (C) SUMMARY: Demonstrations took place at various sites in Indonesia on May 21 to protest the GOI's plan to raise the cost of fuel. During one raucous protest, police arrested some 27 protesters in front of the Presidential Palace in Jakarta. The government is standing firm and the price rise could be imminent. The opposition continues to criticize the GOI's plans. Mission is urging political contacts to keep a lid on tempers. Over all, while continued turbulence is a given, the GOI seems to have the situation under control.  
END SUMMARY.

#### CONTINUING DEMONSTRATIONS

12. (U) Demonstrations against planned fuel hikes continued in Indonesia, May 21. Student groups and others opposed to President Yudhoyono's plan to raise fuel prices demonstrated in Jakarta, Yogyakarta (central Java), Surabaya (eastern Java), Makassar (South Sulawesi) and other cities. The Jakarta demonstration--which was a bit turbulent with protesters stridently demanding that the president and vice president step down--was several thousand strong.

13. (SBU) Most of the protests were peaceful but 27 demonstrators protesting in front of the Presidential Palace in Jakarta were arrested by the Indonesian National Police (INP). One protester reportedly was taken to a local hospital after being shot by a rubber bullet. The Jakarta protest also tied up traffic in downtown areas. According to contacts, more protests are planned in the next several days.

#### GOI STANDS FIRM

14. (SBU) Despite the protests, the government appears to be standing firm in its plans. In public comments late May 21, President Yudhoyono urged that the rallies remain peaceful, stating, "demonstrations are normal in a democracy, as long as they are orderly, because if anarchic, they will only add

to problems." In the meantime, Yudhoyono is expected to approve the increase in fuel prices soon. One press report stated that he would announce later this week when the price hike will be implemented. Finance Minister Sri Mulyani Indrawati announced on May 21 that the fuel hike would average 28.7 percent, raising the per-liter price of premium gasoline from about Rupiah 4,500 (50 U.S. cents) to Rupiah 6,000 (67 U.S. cents).

#### URGING PARTIES TO TAMP THINGS DOWN

15. (C) Mission continues to urge contacts to keep a lid on the situation. Pol/C met three Members of Parliament from the Indonesian Party of Democratic Struggle (PDIP) on May 21 to discuss the planned fuel price issue. The legislators told Pol/C that the price rise was "imminent," but that there was a small possibility that Yudhoyono may not raise the price due to the negative reaction on the streets. The PDIP--which takes a bit of a populist posture on economic issues--is strongly opposed to the price rise and fears that demonstrations could become even more raucous when the price hike is implemented. Pol/C underscored that in Indonesia's hard-won democracy it was important that issues be discussed in a calm, deliberate manner. Trying to decide matters via increasingly turbulent street demonstrations would only spark chaos.

16. (C) One important Islamic-oriented party seems to be taking a relatively low-key posture. Econoff met a member of the Prosperous Justice Party (PKS) who stated that the PKS is

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"downplaying" the fuel price rise and focusing on improving the overall economic situation in the country. (Note: Some members of the PKS have come out against the planned price rise.)

#### SITUATION UNDER CONTROL FOR NOW

17. (C) Over all, while continued turbulence is a given, the GOI seems to have the situation under control. Many key officers in the government have been told not to travel and there is no doubt that the police are concerned about the situation, even though (so far) the demonstrations have not been violent to any serious degree.

18. (C) That said, in the short term, the government will take a lot of flak for the price rise. Yudhoyono's plans to temper the price hike by championing a number of social welfare programs that are touted as being "pro-poor" might help him in the longer term, however. These programs include direct cash transfers to poor families, continued rice subsidies, and subsidies to farmers (reftel).

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